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State Dept. Official Hails Benefits From NAFTA
Wayne says trade pact is good for the U.S. and its neighbors

Although the North American Free Trade Agreement (NAFTA) is not without its problems, the trade pact has proven to be a boon for the United States and its two NAFTA partners, Canada and Mexico, says E. Anthony Wayne, the U.S. State Department's assistant secretary of state for economic and business affairs.

In April 20 congressional testimony, Wayne said that following NAFTA's entry into force in 1994, total merchandise trade between the United States and Canada has grown by over 120 percent, while U.S. trade with Mexico has nearly tripled, from $81.5 billion in 1993 to $235.5 billion in 2003, translating to an average annual growth in trade with Mexico of 11 percent.

Wayne said that about 90 percent of Mexico's exports go to the United States, while 62 percent of Mexico's imported goods come from the United States. Calculations by the International Monetary Fund show that total trade among the three NAFTA countries has more than doubled over the last decade, growing from $306 billion in 1993 to $621 billion in 2002, Wayne told the U.S. Senate Subcommittee on International Economic Policy, Export, and Trade Promotion.

These figures show that NAFTA has promoted export-led growth in North America, Wayne said. He added that the success of the trade pact has "encouraged" the United States to complete other bilateral and multilateral free-trade agreements (FTAs) with countries around the world.

For instance, Wayne said the Bush administration is pursuing the U.S.-Central America Free Trade Agreement, as well as the Free Trade Area of the Americas, and is pursuing an "aggressive" agenda of bilateral FTAs with such countries as Chile, Jordan, Australia, and Singapore. The United States will soon launch new FTAs with Panama, Colombia, and possibly additional countries in the Andean region, Wayne said.

The official said that just as NAFTA has allowed the United States, Canada, and Mexico to integrate their markets, reduce tariff and non-tariff barriers, and see trade expand dramatically, "so we expect to see the same results occur with our multiple bilateral and multilateral FTAs."

Wayne said that pursuing and concluding the FTAs will create "significant openings in markets that are now blocked by obstacles to U.S. exports."

Regarding NAFTA, Wayne said the trade pact also has promoted better security of the U.S. borders with Mexico and Canada, while mitigating disruptions in the flow of both goods and people.

"This is a significant achievement that demonstrates the advantages of a better, more secure North American trading environment, even as we further our economic integration and national relationships," said Wayne. The continued U.S. collaboration with both Canada and Mexico, he said, provides for legitimate trade and travel while simultaneously improving interdiction and investigation of illicit movements of drugs, people, weapons, cash, or materials that could potentially be used by terrorists to attack the United States.

Wayne said that although the majority of economic barriers among the NAFTA partners have largely been removed, a number of NAFTA trade issues still need to be resolved, particularly concerning agricultural products. On this issue, Wayne said the United States is determined to use "all the resources at its disposal" to effectively remove those lingering obstacles to free trade.

Such obstacles, he said, include Mexico's 20 percent tax on products using high-fructose corn syrup, or those non-tariff barriers that "prevent the proper and expeditious exports of U.S. agricultural goods."

Overall, Wayne concluded, NAFTA has been a "resounding success" for all three countries in the trade pact. NAFTA has generated "clear growth" in trade, reduced costs across the board for consumers and businesses, improved the quality of life for citizens of the three signatory countries by providing consumers more and better choices at competitive prices, and "helped foster the democratic and civil society reforms that have transformed Mexico, while serving as a beacon of hope for other developing countries with whom the United States is negotiating FTAs around the world."

Wayne said the changes "wrought by NAFTA in our societies have been profound, and they are still being felt and observed by other countries."

Following is the text of Wayne's testimony, as prepared for delivery:

(begin text)

Testimony of E. Anthony Wayne,
Assistant Secretary of State for Economic and Business Affairs

"NAFTA: Ten Years After"
April 20, 2004

Senate Committee of Foreign Relations,
Subcommittee on International Economic Policy, Export, and Trade Promotion

Thank you, Mr. Chairman, Senator Sarbanes, and members of the Subcommittee, for this opportunity to testify before the Senate Foreign Relations Subcommittee on International Economic Policy, Export, and Trade Promotion. On the 10th anniversary of NAFTA's enactment, it is a pleasure to be able to address the committee on the benefits this treaty has brought to both the American people and our neighbors. NAFTA has helped transform our economy while creating synergies that go far beyond economic prosperity, especially in enhancing our national security and protecting the lives of U.S. citizens. As with any trade liberalization initiative or other economic change, NAFTA affected some U.S. sectors positively and others adversely, but there is little doubt that on the whole, the agreement produced real net benefits for U.S. workers and consumers. It has also served as a model for a number of subsequent bilateral and multilateral free-trade agreements that will further extend the benefits of free trade while enhancing political and economic reforms that are fostering stronger democracies and civil societies throughout the world.

NAFTA's success has encouraged the United States to promote U.S. interests by negotiating a variety of free-trade agreements with countries around the world. The administration seeks to secure the benefits of open markets for American consumers, farmers, workers and businesses by pursuing trade initiatives globally, regionally and bilaterally. In doing so, the United States hopes to foster conditions that will help energize the economies of our trading partners and develop new markets for American goods and services.

As we contemplate the benefits of NAFTA for the United States, Canada, and Mexico, it is important to note how different our three economies might look today if we had not had a free-trade agreement. As designed, NAFTA has progressively eliminated tariffs and non-tariff barriers to trade in goods, improved access for services trade, established rules for investment, strengthened protection of intellectual property rights and created an effective dispute settlement mechanism. Although no trade agreement is perfect, NAFTA has been a remarkable success at meeting its target goals. A few examples illustrate this point.

Good for the United States and Our Neighbors

Virtually all tariffs on manufactured goods and practically all tariffs on agricultural products have now been eliminated, a significant improvement over the previous situation, especially in the case of our trade with Mexico. As Canada and Mexico became our number one and two trading partners, respectively, the amount of goods and number of people crossing our borders daily has climbed to unprecedented levels. Although most of Canada's tariffs applied to U.S. goods were low even before the U.S.-Canada FTA of 1989, Mexico's tariffs were significantly higher before NAFTA, averaging 10 percent. Now, more than 85 percent of U.S. goods enter Mexico duty-free, and by 2008, all tariffs will be eliminated.

The example of Mexico is dramatic: approximately sixty percent of the 500 million visitors admitted into the United States enter across the U.S.-Mexican border, as do 90 million cars and 4.3 million trucks, all contributing to the $638 million in trade conducted at our border every single day. Similarly, 70 million passengers traverse our border with Canada each year, along with 7 million commercial trucks, and 1.3 million rail containers. Every one of these crossings contributes to a total two-way trade of $394 billion in 2003. That works out to $1.08 billion a day.

This surge in commerce has created new alliances and efficiencies in our trade relationship that help define many aspects of America today. Canada sends 83 percent of its merchandise exports to the United States and receives 70 percent of its total goods imports from the United States. Since NAFTA's implementation in 1994, total merchandise trade between the United States and Canada has grown by over 120 percent, and when you count trade in services, the growth has been closer to 140 percent. Our trade with Mexico shows the same dynamism: trade between our countries has nearly tripled, from $81.5 billion in 1993 to $235.5 billion in 2003, translating to an average annual growth in trade of 11 percent. Approximately 90 percent of Mexico's exports go to the United States, while 62 percent of Mexico's imported goods come from the United States. Thus, according to the IMF, total trade among the three countries has more than doubled, growing from $306 billion in 1993 to $621 billion in 2002.

By any measure, NAFTA has promoted export-led growth in North America writ large, and the benefits have been directly felt here in the United States. Greater, more open markets allow American companies to compete better in the world economy, creating new, higher-wage jobs at home. Lower barriers to trade improve the quality of life by reducing consumer and producer costs and improving economic efficiencies. NAFTA has shown that Americans can compete -- and succeed -- with workers from other countries, when given a fair opportunity to do so. Beyond NAFTA, opening new markets through the creation and enforcement of additional trade agreements enhances these benefits to the American people as trade helps the national economy expand. The success of NAFTA has encouraged us to conclude bilateral and multilateral free-trade agreements around the world.

A Trade Model for U.S. International Economic Policy

Since Congress reauthorized the president's trade negotiating authority in 2002, the administration has moved on multiple fronts. We have sought to expand free trade to a number of other countries and regions by pursuing global negotiations in the WTO, seeking to conclude sub-regional trade agreements such as the Central American FTA (CAFTA), as well as the Free Trade Area of the Americas (FTAA), and pursuing an aggressive agenda of bilateral free-trade agreements including Singapore, Chile, Jordan, and Australia. In total, the United States has launched bilateral or regional FTA negotiations with 15 countries, of which 8 have been concluded, and has announced its intention to negotiate with 6 more nations.

When the United States' free-trade agreements with Chile and Singapore entered into force in January 2004, it dramatically improved market access and protections in such areas as services, e-commerce, intellectual property, transparency and strengthened anti-corruption measures, and enforcement of environmental and labor laws. These high standards promote prosperity at home and for our trading partners while helping to ensure a level playing field for American workers.

Based on NAFTA's lessons, our FTA mechanisms seek to create that "level playing field," especially in agricultural trade. As countries have increasingly employed new and more innovative non-tariff barriers to trade -- such as anti-dumping orders, safeguard measures, sanitary and phytosanitary measures (SPS), unreasonable residue testing or labeling requirements to protect their markets -- all governments have realized they must work together to keep trading channels open. NAFTA's SPS Committee, for example, provides a forum where all three countries can both discuss their respective animal and plant health concerns while seeking ways to keep our trade flowing. Based on its good work, the "SPS Committee example" was adopted in the Chile FTA and has been recommended for subsequent FTAs as a useful means for finding practical solutions to trade problems. This way, each country develops a broader understanding of the other country's regulatory system, how regulatory requirements affect market access, and how we can build confidence in the safety and efficacy of each other's systems.

Our free-trade agreement with Chile took effect on the 10th anniversary of NAFTA's enactment, occurring at the same time that we finalized negotiations for a U.S.-Central America Free Trade Agreement (CAFTA) with El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica, and subsequently with the Dominican Republic. Soon the United States will launch new FTA negotiations with Panama, Colombia, and possibly additional Andean nations.

Our efforts are not restricted to just the Western Hemisphere, however. In February 2004, the United States and Australia concluded negotiation of an FTA that will eliminate tariffs on more than 99 percent of U.S. manufactured goods exported to Australia, starting on the first day of its enactment. USTR reports that U.S. manufacturers estimate that the FTA could allow them to sell $2 billion more per year to Australia. In addition, all U.S. farm exports, totaling more than $400 million annually, will go duty-free to Australia -- benefiting many sectors, such as processed foods, fruits and vegetables, corn oil, and soybean oil. Later this spring, negotiations for a bilateral FTA will start with Thailand.

In the Middle East, following the successful completion and enactment of the U.S.-Jordan FTA in 2001, we have seen trade between our two countries triple in the last three years. We followed this by completing negotiation of an FTA with Morocco only two months ago which will remove Moroccan trade barriers to our agricultural products, such as wheat, corn and soybeans; provide new access for U.S. beef and poultry exports; allow openings for service providers in audiovisual, telecommunications and engineering companies, as well as new opportunities for manufacturers of construction equipment, chemicals and information technology.

Then in January 2004, the U.S. and Bahrain began free-trade negotiations, marking another country in the region that will benefit by a liberalized trade regime. This is an important component to the president's Middle East Initiative, the goal of which is to foster prosperity by encouraging openness and deepening economic and political reforms throughout the region.

Just as NAFTA has allowed the United States, Canada and Mexico to integrate our markets, reduce tariff and non-tariff barriers, and see trade expand dramatically, so we expect to see the same results occur with our multiple bilateral and multilateral FTAs. We believe that pursuing and concluding these FTAs will create significant openings in markets that are now blocked by obstacles to U.S. exports. For example, in 2003, the combined bilateral FTA markets in countries with whom we are now negotiating imported U.S. goods worth approximately $67 billion. Their developing economies will offer significant opportunities for additional growth and expansion in the decades ahead -- in a tariff-free environment.

As we work with these and other countries to develop FTAs, the "lessons learned" are likely to help us as we continue our work with Canada and Mexico to improve the NAFTA. From harmonizing our tariffs and updating our rules of origin for manufactured products to working with our neighbors to reduce the risk of diseases such as BSE or Avian Influenza (AI), NAFTA is a trade agreement that works -- and our challenge is to ensure that it continues to work, providing necessary fine-tuning as required.

NAFTA Synergies and Ancillary Benefits

While NAFTA's benefits are clearly discernible in some areas, in others they are more synergistic and less readily apparent -- though in fact, perhaps more significant. As I have said, for consumers in all three countries, NAFTA's lower tariffs and other provisions have provided more choices in foods, goods and services at competitive prices, and increased the standard of living.

The larger issue is not just about trade, however. Free trade underpins U.S. goals by encouraging needed economic reforms, promoting economic growth and diversification, requiring improved transparency and movement towards good governance, and introducing the flexibility and competitiveness needed to sustain development. By spurring needed reforms and locking them in, the process of concluding and implementing a free-trade agreement can be more important to long-term growth than the commercial benefit of the trade deal itself.

NAFTA's example was an inspiration for our efforts to promote both free trade and commensurate societal and political reforms in developing countries. The trade-related societal and political reforms dovetail with and mutually reinforce developmental goals being pursued within our overall strategy. Since NAFTA, state-of-the-art trade agreements, for example, include provisions on transparency, anti-corruption, labor rights, environmental protections, financial services, government procurement, investor protections, dispute settlement, intellectual property, and other key issues, in addition to the traditional market-access provisions. By getting host-country governments to confront these other -- often politically sensitive -- issues, trade agreements reinforce our broader message of the need to undertake reforms to promote sustainable development. Conversely, reform steps taken as part of development programs also advance the cause of free trade.

While freer trade confers commercial benefits on all participants, it is clear that our interest in free trade goes well beyond these narrow gains. Considered in its broadest context, free trade is not an end in itself, but rather the means to improved quality of life, growth and stability.

NAFTA has provided significant benefits in other -- sometimes unexpected -- ways, as well. The movement of goods and people creates stronger international linkages amongst our three countries, facilitating travel, tourism, and greater understanding through the constant exchange of ideas and cultures. As with the "Great Melting Pot" concept, all NAFTA countries benefit from the increased diversity in people, languages, ideas and energy generated by an expanding international society.

One vitally important benefit that has accrued to all three countries as a direct result of NAFTA's success has been the strong growth in foreign direct investment (FDI) since NAFTA's inception. As trade has boomed, FDI and portfolio investment have shot up. While all three countries received sizable FDI flows both before and after 1994, FDI increased from $63 billion between 1989 to 1994, to $202 billion between 1995-2000, more than a 200 percent increase in dollar volume. For Mexico especially, whose economy grew at an average annual rate of over 5 percent during this same timeframe, this has benefited telecom and banking industries, producing a ripple effect in additional growth opportunities in major sectors of the economy. It also helped the country recover far more rapidly after the Peso Crisis of 1994-1995, evidence that both domestic and foreign investors had gained more confidence in Mexico's long-term stability.

The NAFTA partners also recognize the importance of protecting the environment for present and future generations. We have seen that free trade helps developing countries grow, creating greater wealth and a stronger middle class, which then demands both a better environment and better working conditions. Some of NAFTA's more tangible benefits stem from its environment and labor provisions, many of which are incorporated in other FTAs currently being negotiated. The economic integration promoted by NAFTA has spurred better environmental performance by facilitating the transfer of green technologies and market-based solutions to environmental problems and, ultimately, by increasing national wealth. Through the North American Agreement on Environmental Cooperation (NAAEC), the partners are promoting better and more effective enforcement of environmental laws in all three countries. Our trilateral Commission for Environmental Cooperation (CEC) has programs that encourage the sharing of information, data, and best practices while promoting transparency and public participation in crafting environmental policies among the three countries.

The U.S.-Mexico Border Environmental Program stems from NAFTA. Cooperation has resulted in greater sophistication in environmental management, and greater Mexican public participation in environmental policy-making. Positive results include creation of a database to track polluting chemicals released to air, water, and land, and the phasing-out of dangerous pesticides such as DDT and chlordane.

A major social dimension was added to NAFTA via the North American Agreement on Labor Cooperation (NAALC, i.e., NAFTA's supplemental labor agreement), which seeks to improve working conditions and living standards by committing the three countries to accept eleven labor principles to protect, enhance and enforce basic workers' rights. To accomplish these goals, the NAALC creates mechanisms for cooperative activities and inter-governmental consultations, as well as for independent evaluations and dispute-settlement processes to help enforce national labor laws. With the participation of labor union representatives, employers, and government officials, an important balance has been built into NAFTA's policy discussions and programs.

NAFTA also has a formal process through which the public may raise concerns about labor law enforcement directly with their governments. This process has led to the filing and review of 28 submissions under the NAALC on issues such as freedom of association; the right to organize and bargain collectively; the right to strike; child labor; minimum employment standards; employment discrimination; occupational safety and health; and the protection of migrant workers.

As the United States has pursued additional FTAs, these new agreements have applied "lessons learned" from NAFTA. Recognizing the importance of capacity-building, our newer FTAs give increased priority to helping developing countries support their existing environmental and labor laws and craft enforceable dispute-settlement procedures. Since non-enforcement is often due to a lack of resources, the United States is using its own aid programs and working with NGOs, the IMF, World Bank, and others to ensure inadequate funding does not undermine the effectiveness of environmental and labor standards.

To be candid, these measures alone cannot prevent all forms of environmental degradation or solve all labor-related problems, but they go a long way toward developing greater public awareness and participation, higher standards for openness and transparency, lowered thresholds for joint action and, in some new FTAs, establishing new benchmarks to measure progress.

This exemplifies how, in the pursuit of ensuring a responsible, competitive and productive work environment, FTAs help lock-in political reforms and civil society developments. In Mexico, the changes have been dramatic -- a more open, pluralistic society has been created with a demonstrably more accountable, democratic government, making Mexico both an economic and political success story. No longer a one-party political system, Mexico's growth has led to the establishment of more NGOs, a more independent press, a larger role in international institutions, and increased cooperation with the United States on issues ranging from the environment and drugs to law enforcement and immigration. Each of these reforms ultimately promotes stability and growth and thereby strengthens our national security.

Post-September 11 and Secure But Open Borders

NAFTA has had a major impact in the formulation of our post-September 11 "Secure But Open Borders" policies. As a result of September 11 and its aftermath, no higher priority exists than ensuring that our national security is strengthened so that such a catastrophe can never happen again. While our national heritage promotes open contacts with the international world, new realities dictate that we must do so with greater caution and a discerning eye, and this has naturally affected our relations with our two most important neighbors.

The good news is that both Mexico and Canada understand this, and stand foursquare with us in recognizing that we must jointly defend our homelands from terrorism and security threats. The extensive inter-agency ties between our governments, developed in large measure as a result of NAFTA, were instrumental in allowing us to quickly craft the "Smart Borders" accord with Canada and a "Border Partnership Action Plan" with Mexico, both of which have done a remarkable job in securing our borders and keeping them open while mitigating disruptions in the flow of both goods and people. This is a significant achievement that demonstrates the advantages of a better, more secure North American trading environment, even as we further our economic integration and national relationships. This coordinated collaboration with both Canada and Mexico enables us to facilitate legitimate trade and travel while simultaneously improving interdiction and investigation of illicit movements of drugs, people, weapons, cash or materials that could potentially be utilized by terrorists to attack our country.

The ties I just referred to go beyond our joint work to improve national security. Whether it be in international institutions such as the United Nations, the World Trade Organization (WTO), or other organizations, the United States has often found itself working side by side with Canada and Mexico to support common policies and interests. It's worth remembering that in the trade arena, Mexico did not even join the General Agreement on Tariffs and Trade (GATT) -- the WTO's predecessor -- until 1986. In less than 20 years, it has gone from being outside the world's multilateral trade regime to hosting the WTO Ministerial last September in Cancun, Mexico. In Cancun, Mexican Foreign Secretary Derbez worked extremely hard to bring developed and developing countries together in support of a text charting the way forward in our Doha negotiations. In the FTAA, the U.S., Mexico, and Canada, along with several other free-trade partners in the Western Hemisphere, have worked very closely to ensure the FTAA can indeed bring the trade and investment benefits to the hemisphere that our people need. In Monterrey, Mexico, in March 2002, Mexico hosted the U.N. Conference on Financing for Development and worked with us to help shape a productive outcome. While we may have differences on specific points or strategies, there is no question that the U.S., Mexico, and Canada have become "like-minded" in our ultimate objectives.

NAFTA Cannot Solve All Problems

NAFTA is not without its problems, of course. Some critics have claimed that hand-in-hand with globalization, NAFTA would contribute to U.S. industrial decline and a transfer of jobs out of the country. A review of the data shows that this has not been the case. A number of different studies of NAFTA agree that economic growth in the United States has increased, as it has in Mexico and Canada. Studies reach a variety of different conclusions about whether NAFTA has caused a net loss or net gain in jobs, but most conclude that, at worst, NAFTA has probably been neutral in increasing or decreasing job-growth rates. While some U.S. companies have opted to employ lower-wage workers in Mexico and other countries to remain competitive internationally, other companies have significantly expanded their activities domestically and now produce sophisticated export products. This leads to hiring more highly skilled and highly educated workers at higher wages.

Gary Hufbauer at the Institute for International Economics asserts that, after NAFTA was enacted, U.S. employment grew by over 20 million between 1993 and 2000, with U.S.

manufacturing output soaring in the 1990s by 44 percent in real terms. To the extent that NAFTA succeeds in stimulating trade and cross-border investment, jobs in each country were created in some industries and lost in others, which has been necessarily wrenching for a number of American companies, communities and families. As this transition has progressed, however, positive economic growth has been generated, efficiencies have been improved and costs have been lowered for both consumers and industries, helping to raise average incomes.

The guiding wisdom behind NAFTA was to eliminate economic barriers, particularly tariffs and quotas, at our two borders to generate increased trade among the United States, Canada and Mexico. Though the majority of economic barriers between our three countries have largely been removed, there remain a number of NAFTA trade issues still to be resolved, particularly concerning agricultural products. This is an ongoing process. The administration is determined to utilize all the resources at its disposal to effectively remove those lingering obstacles to free trade, such as Mexico's 20 percent tax on products using high-fructose corn syrup, or those non-tariff barriers which prevent the proper and expeditious exports of U.S. agricultural goods. Under NAFTA's trade-dispute resolution process, all three countries have access to an independent, transparent process that utilizes expert panels to objectively assess the merits of each country's arguments, and to adjudicate fairly. This emphasis on rule of law continues to be incorporated in all our FTAs around the world.

The Future of NAFTA

NAFTA does not exist in a vacuum. On the contrary, our integrated North American market is going to see ever-increasing competition from outside producers. As the United States continues its efforts to open new markets for our products, and to remove barriers to trade which retard economic growth in developing countries, we can expect that the combined, trilateral North American economy will have to evolve to take advantage of each NAFTA country's advantages and efficiencies. In Mexico, the government recognizes that enhancing competitiveness requires policy reform, such as fiscal reform, but also necessitates additional measures to reduce the cost of business by streamlining judicial and regulatory requirements for companies. Increasing global competitiveness is likely to spur additional innovation and growth in ways we cannot imagine but which we can anticipate. By that, I mean the need to plan ahead, in order to improve and more closely integrate our national infrastructures, and provide better means of production as well as shipment of goods. Increased globalization and competition from other countries and regions, especially China, Japan, Asia, and elsewhere, could encourage greater linkages amongst the three NAFTA countries, ensuring our own products remain competitive in the global marketplace.

Energy production and trade provide a good example. It is clear that all three NAFTA countries have vast energy demands in electricity, natural gas and oil that will increase. One of our objectives should be to ensure that energy production, shipment and utilization is being done by the most efficient means possible, at the least cost, so that each country may profit and benefit by the trade generated. The electrical grid problems experienced by the United States and Canada in the summer of 2003 highlighted the need for closer cooperation, planning and integration to prevent future problems in our electrical energy generation and transmission. Under NAFTA, we have an established North American Energy Working Group (NAEWG) that is now working together to prevent such future problems. While natural competition can reduce energy costs to their lowest levels, the synergies created by the new technologies both demanded and created could also spur greater development and growth in trade.

By promoting greater integration and improvements in road, rail, and aviation transportation -- where we seek full North American Open Skies -- NAFTA will continue to spur solid growth and development. We need to look closely at infrastructure constraints as trade continues to increase. Coupled with the increased spread of telecommunications equipment and new information technology, the North American market can anticipate continued strong market and trade growth that will benefit each of our countries. These are just some examples of how increased integration linkages amongst the three NAFTA economies can promote efficiencies that will encourage continued long-term growth rates and help deepen and broaden the North American market. Under the president's leadership, we are actively engaged with Canada and Mexico in reviewing areas where synergy exists, so that we may enhance our common economic prosperity and national security.

Conclusion

I appreciate, Mr. Chairman, having this opportunity to speak on the valuable benefits the North American Free Trade Agreement has brought to the United States over the past ten years. While change can be disruptive, whether in economic, political or developmental terms, NAFTA has been a resounding success for all three partner countries. It has generated clear growth in trade, reduced costs across the board for consumers and businesses, improved the quality of life for our citizens by providing consumers more and better choices at competitive prices, and helped foster the democratic and civil society reforms that have transformed Mexico while serving as a beacon of hope for other developing countries with whom we are negotiating FTAs around the world. The changes wrought by NAFTA in our societies have been profound, and they are still being felt and observed by other countries.

NAFTA's success has been inspirational as we seek to open other markets to both U.S. goods and influence. In doing so, NAFTA's legacy of helping other societies to develop themselves equally embraces reforms for improved governance. All societies benefit when free trade and open markets allow competition in selling goods and services. They also benefit when the same reforms create a better, more stable and growing civil society. In support of the president's policies to liberalize trade bilaterally, regionally and globally, the State Department will continue to work with other agencies to remove all tariff and non-tariff barriers to our exports while advocating strongly for a level playing field on behalf of all American businesses.

Thank you.

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